

293 - WORKERS' COMPENSATION INTERNAL SERVICE FUND

Operational Summary

Description:

The Workers' Compensation Internal Service Fund is a division of the CEO/Office of Risk Management whose mission is to preserve and protect the human and capital assets of the County of Orange.

At a Glance:

Total FY 2005-2006 Actual Expenditure + Encumbrance:	50,981,713
Total Final FY 2006-2007	43,408,002
Percent of County General Fund:	N/A
Total Employees:	10.00

Strategic Goals:

- It is the goal of the self-insured Workers' Compensation Program to provide prompt state-mandated benefits to injured County employees and manage the anti-fraud program. This program also integrates workers' compensation benefits with specific benefits within labor agreements.
- The Safety and Loss Prevention Program strives to provide a safe environment for both County employees and members of the public who visit County facilities and receive County services through its pro-active safety, loss prevention, training and inspection programs. This strategy complements current departmental efforts to reduce the total cost of workers' compensation and liability claims.

Key Outcome Indicators:

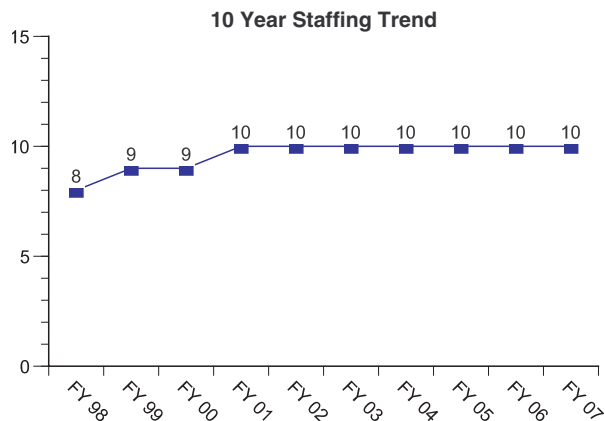
Performance Measure	2005 Business Plan	2006 Business Plan	How are we doing?
	Results	Target	
RELATIVE COST OF SAFETY AND WORKERS' COMPENSATION PROGRAM What: Shows the total expenditures of this program as a percent of total county expenditures. Why: Provides a constant measure of costs for all County departments.	The overall cost of this statutory benefit program was 1.26% of total county expenditures.	Remain 1% of total county expenditures.	Safety and Workers' Compensation Program costs for FY 2004-2005 were slightly over 1% of total county expenditures which is substantially lower than commercial insurance would have been.

FY 2005-06 Key Project Accomplishments:

- Development of the County's medical provider network which provides access to medical care for on the job injuries.
- Charges to county departments for this program are 29% less than what comparable commercial insurance would have cost based upon the California Workers' Compensation Uniform Statistical Plan rates.
- Implementation of Utilization Review using American College of Occupational and Environmental Medicine treatment Guidelines on all workers' compensation cases to reduce medical costs and work days lost.

Workers Compensation ISF - Workers' Compensation insurance and claim administration, Safety and Loss Prevention, and Anti-Fraud programs.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- Overall expansion and increased claims administrative responsibilities of the Workers' Compensation program required program adjustments and increased technology in order to meet the challenges with level staffing.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Support the overall mission of the County Executive Office and Strategic Financial Plan.

Final Budget History:

Sources and Uses	FY 2004-2005 Actual Exp/Rev	FY 2005-2006 Budget	FY 2005-2006 Actual Exp/Rev ⁽¹⁾	FY 2006-2007 Final Budget	Change from FY 2005-2006	
		As of 6/30/06	As of 6/30/06		Actual Amount	Percent
Total Positions	10	10	10	10	0	0.00
Total Revenues	51,886,364	51,154,692	51,139,156	43,408,002	(7,746,689)	-15.14
Total Requirements	51,881,466	51,155,781	50,965,273	43,408,002	(7,557,271)	-14.83
Balance	4,898	(1,089)	173,883	0	(189,418)	-100.00

(1) Amounts include prior year expenditure and exclude current year encumbrance. Therefore, the totals listed above may not match Total FY 2005-06 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: Workers' Compensation Internal Service Fund in the Appendix on page A218

Highlights of Key Trends:

- Employee injury rates (8.8/100) continue to be below those of the average public entity loss history (8.9/100).
- Costs of workers' compensation are now showing a leveling because of the impact of recent legislative and medical review changes.

293 - Workers' Compensation Internal Service Fund

Operation of Internal Service Fund 293 Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Actual	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
OPERATING INCOME					
7590	Other Charges for Services	0	70,986	0	0
7710	Insurance Premiums	47,095,654	47,095,019	36,988,822	36,988,822
Total Operating Income		47,095,654	47,166,005	36,988,822	36,988,822
OPERATING EXPENSES					
Salaries & Benefits					
0100	Salaries and Wages	19,966	(174,065)	0	0
0101	Regular Salaries	589,419	503,334	627,046	627,046
0102	Extra Help	166	131	0	0
0103	Overtime	5,174	7,873	9,500	9,500
0104	Annual Leave Payoffs	3,193	12,847	56,030	56,030
0105	Vacation Payoff	7,856	39,012	0	0
0106	Sick Leave Payoff	9,820	143,895	0	0
0110	Performance Incentive Pay	3,430	0	5,597	5,597
0111	Other Pay	592	835	828	828
0200	Retirement	87,395	82,295	154,984	154,984
0204	County Paid Executive Deferred Compensation Plan	3,558	76	0	0
0301	Unemployment Insurance	(871)	1,059	750	750
0305	Salary Continuance Insurance	1,642	993	1,662	1,662
0306	Health Insurance	60,736	45,146	58,596	58,596
0308	Dental Insurance	2,754	1,748	2,736	2,736
0309	Life Insurance	611	361	576	576
0310	Accidental Death and Dismemberment Insurance	108	66	108	108
0319	Other Insurance	4,241	4,385	4,368	4,368
0352	Workers Compensation - General	16,284	17,040	11,178	11,178
0401	Medicare	4,811	6,296	7,697	7,697
Total Salaries & Benefits		820,885	693,327	941,656	941,656
Services & Supplies					
0700	Communications	0	0	8,784	8,784
0701	Telephone/Telegraph - Interfund Transfer	8,843	4,364	0	0
1000	Household Expense	9,952	15,009	14,640	14,640
1001	Household Expense - Trash	254	382	0	0

Operation of Internal Service Fund 293

Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
		Actual	Actual	Proposed Budget	Final Budget
(1)	(2)	(3)	(4)	(5)	
1100	Insurance	3,220	3,439	4,760	4,760
1300	Maintenance - Equipment	1,231	741	1,500	1,500
1400	Maintenance - Buildings and Improvements	8,165	7,908	10,000	10,000
1600	Memberships	75	75	100	100
1800	Office Expense	5,551	4,658	10,000	10,000
1801	Duplicating Services (RDMD/Reprographics)	10,801	5,048	5,000	5,000
1803	Postage	1,490	1,487	1,750	1,750
1809	Minor Office Equipment to be Controlled	2,376	2,484	10,000	10,000
1900	Professional and Specialized Services	2,546,564	2,695,090	2,929,842	2,929,842
1911	CWCAP Charges	49,532	271,265	280,000	280,000
2100	Rents and Leases - Equipment	309	2,320	2,000	2,000
2200	Rents and Leases - Buildings and Improvements	7,069	8,981	10,000	10,000
2400	Special Departmental Expense	2,229	0	5,000	5,000
2405	Optional Benefit Plan	9,500	8,000	9,000	9,000
2600	Transportation and Travel - General	0	3,353	17,900	17,900
2601	Private Auto Mileage	218	177	500	500
2602	Garage Expense	6,359	7,457	15,000	15,000
2700	Transportation and Travel - Meetings/ Conferences	3,194	3,084	10,000	10,000
2800	Utilities	3,523	4,790	16,000	16,000
2801	Utilities - Purchased Electricity	3,933	6,398	9,000	9,000
2802	Utilities - Purchased Gas	4	5	50	50
2803	Utilities - Purchased Water	134	253	300	300
2890	Intra-Agency Services & Supplies Billing Offsets	(16,284)	(17,040)	(11,178)	(11,178)
Total Services & Supplies		2,668,242	3,039,728	3,359,948	3,359,948
Other Charges					
3520	Insurance Claims*	48,348,031	47,169,895	39,020,165	39,020,165
Total Other Charges		48,348,031	47,169,895	39,020,165	39,020,165
Miscellaneous					
5300	Depreciation	1,548	1,089	544	544
Total Miscellaneous		1,548	1,089	544	544
Total Operating Expenses		51,838,704	50,904,039	43,322,313	43,322,313
Net Operating Income (Loss)		(4,743,050)	(3,738,034)	(6,333,491)	(6,333,491)

Operation of Internal Service Fund 293 Operational Statement for the Fiscal Year 2006-2007

Operating Detail		FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2006-2007
(1)		Actual	Actual	Proposed Budget	Final Budget
(2)		(3)	(4)	(5)	
NON-OPERATING REVENUE					
6610	Interest	961,436	2,575,002	3,500,000	3,500,000
7130	Other Governmental Agencies	477	(2,562)	0	0
7670	Miscellaneous Revenue	360,573	306,467	326,244	326,244
Total Non-Operating Revenue		1,322,486	2,878,907	3,826,244	3,826,244
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	39,710	61,237	84,000	84,000
5400	Loss or Gain on Disposition of Assets	3,052	0	0	0
Total Non-Operating Expenses		42,762	61,237	84,000	84,000
Net Non-Operating Income (Loss)		1,279,725	2,817,670	3,742,244	3,742,244
Income (Loss) Before Contributions & Transfers		(3,463,326)	(920,361)	(2,591,247)	(2,591,247)
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED					
Income (Loss) Before Contributions & Transfers		(3,463,326)	(920,361)	(2,591,247)	(2,591,247)
7810	Interfund Transfers In - from Fund 100	3,462,734	1,103,793	1,850,000	1,850,000
4802	Interfund Transfers Out - to Funds 2AA-299	0	0	(1,689)	(1,689)
Changes to Reserves - Encumbrance - (Inc)/Dec.		592	(15,537)	0	0
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.		4,899	1,089	544	544
Increase (Decrease) in Net Assets - Unrestricted		4,899	168,984	(742,392)	(742,392)
Net Assets - Unrestricted - Beginning of Year		0	4,899	742,392	742,392
Net Assets - Unrestricted - End of Year		4,899	173,883	0	0

*Note - The County has adopted a policy of including in the fiscal year-end expense accruals an amount equal to claims "incurred but not reported" (IBNR) as well as reported claims.